

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 937 - HB 1311

February 25, 2023

SUMMARY OF BILL: Creates the Graduate Physicians Act. Defines a "graduate physician" as a medical school graduate who has completed Step 1 and 2 of the United States Medical Licensing Examination (USMLE) within the set time restrictions, but has not completed an approved postgraduate residency.

Requires the Board of Medical Examiners (BME), in consultation with the Board of Osteopathic Examination (BOE), to establish the process for licensure of graduate physicians, including licensure and renewal procedures, supervision requirements, additional requirements for graduate physician collaborative practice arrangements, and fees.

Authorizes a graduate physician to enter into a collaborative practice arrangement with a licensed physician who is board-certified in the specialty that the graduate physician is practicing, which must only include pediatrics, internal medicine, or family medicine. The duration of the collaborative practice arrangement is decided amongst the graduate physician and the licensed physician.

Under a collaborative practice arrangement, a graduate physician is authorized to provide primary medical care services in: (1) medically underserved rural areas of this state; (2) a pilot project area established for graduate physicians to practice; or (3) a rural health clinic under the federal *Rural Health Clinic Services Act of 1977*.

Requires the graduate physician to complete Step 3 of the USMLE within one year of obtaining a graduate physician license. Establishes that a graduate physician may receive credit towards a future residency program upon successful completion of a collaborative practice service.

Requires the licensed physician collaborating with the graduate physician to supervise the activities of the graduate physician and accept full responsibility for the primary care services provided by the graduate physician. Requires the licensed physician collaborating with a graduate physician to complete a certification course approved by the BME.

FISCAL IMPACT:

**Increase State Revenue - \$22,100/FY23-24/Board of Medical Examiners
\$22,100/FY24-25/Board of Medical Examiners
\$33,700/FY25-26 and Subsequent Years/
Board of Medical Examiners**

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**Increase State Expenditures – \$90,900/FY23-24/Board of Medical Examiners
\$86,800/FY24-25 and Subsequent Years/
Board of Medical Examiners**

Pursuant to Tenn. Code Ann. § 4-29-121, all health-related boards are required to be self-supporting over a two-year period. The BME had an annual surplus of \$937,379 in FY20-21, an annual surplus of \$902,739 in FY21-22, and a cumulative reserve balance of \$3,289,036 on June 30, 2022.

Assumptions:

- Based on information previously provided by the Department of Health (DOH), the proposed legislation cannot be accommodated within existing resources. The DOH will require one Regulatory Board Administrative Assistant 2 position to administer the clerical needs for the new program.
- The one-time increase in state expenditures associated with the additional position is estimated to be \$4,300 (\$1,600 computer cost + \$2,700 office furniture).
- The recurring increase in state expenditures associated with the additional position is estimated to be \$86,806 (\$59,496 salary + \$17,210 benefits + \$7,900 administrative cost + \$1,400 communications + \$600 supplies).
- The total increase in state expenditures is estimated to be \$90,906 (\$4,300 + \$86,806) in FY23-24, and \$86,806 in FY24-25 and subsequent years.
- The collaborative practice arrangements only authorize a licensed graduate physician to provide primary medical services in pediatrics, internal medical and family medicine. Additionally, collaborative practice arrangements are only authorized in medically underserved rural areas of the state, a pilot project area established for graduate physicians to practice, or in rural health clinics under the federal *Rural Health Clinic Services Act of 1977*.
- According to the Kaiser Family Foundation, there were 664 medical school graduates in Tennessee in 2021.
- Due to the limitations on geographical area and type of medical services a graduate physician is authorized to provide, it is assumed that 10 percent or 66 of those students would apply for a graduate physician licensure.
- The BME currently assess a \$335 application fee for licensure as a physician assistant.
- It is estimated the BME would charge a fee comparable to the licensure for a physician assistant of \$335.
- The recurring increase in state revenue to the BME is estimated to be \$22,110 (66 applications x \$335) beginning in FY23-24.
- The graduate physician license will be renewed biennially at an estimated cost of \$175. Renewals will be required starting July 2025.
- The recurring increase in state revenue is estimated to be \$11,550 (66 renewals x \$175) beginning in FY25-56.
- The total increase in state revenue in FY23-24 and in FY24-25 is estimated to be \$22,110.

- The total recurring increase in state revenue in FY25-26 and subsequent years is estimated to be \$33,660 (\$22,110 + \$11,550).
- Pursuant to Tenn. Code Ann. § 4-29-121, all health-related boards are required to be self-supporting over a two-year period. The BME had an annual surplus of \$937,379 in FY20-21, an annual surplus of \$902,739 in FY21-22, and a cumulative reserve balance of \$3,289,036 on June 30, 2022.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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